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8
9 **UNITED STATES BANKRUPTCY COURT**
NORTHERN DISTRICT OF CALIFORNIA
10 **SAN FRANCISCO DIVISION**

11
12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
20 ☒ Affects both Debtors

21 ** All papers shall be filed in the Lead Case, No.*
22 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' ONE
HUNDRED SIXTH OMNIBUS OBJECTION
TO CLAIMS (NO LEGAL LIABILITY
CLAIMS)**

Response Deadline:
October 5, 2021, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: October 19, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Tele/Videoconference Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this One Hundred Sixth Omnibus Objection (the “**Objection**”) to
8 the Proofs of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and
9 Expunged” on **Exhibit 1** annexed hereto.

9 **I. JURISDICTION**

10 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
11 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
12 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
13 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
14 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
15 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
16 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**
17 **Rules**”).

18 **II. BACKGROUND**

19 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
20 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
21 Debtors continued to operate their businesses and manage their properties as debtors in possession
22 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
23 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
24 purposes only pursuant to Bankruptcy Rule 1015(b).

25 Additional information regarding the circumstances leading to the commencement of the
26 Chapter 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in
27 the *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief*
28 [Docket No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019, at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Docket No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 schedules thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order disallowing and expunging or reducing Proofs of Claim for which the
26 Reorganized Debtors are not liable (the “**No Legal Liability Claims**”).

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 The No Legal Liability Claims are identified in the column headed “Claims To Be Disallowed
2 and Expunged” in **Exhibit 1**. **Exhibit 1** also specifically identifies in the “Basis for Objection” that the
3 No Legal Liability Claims are classified as “Barred by Previous Settlement Agreement” or “Barred by
4 Court Order”, as discussed further below.

5 **IV. ARGUMENT**

6 **A. The No Legal Liability Claims Should be Disallowed and Expunged
or Reduced**

7 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
8 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of
9 amounts for which the Debtors are not liable” or “[t]he claims are objectionable on some other common
10 basis under applicable bankruptcy or non-bankruptcy law” Omnibus Objections Procedures Order,
11 ¶ 2(C)(iii), (vii). Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants
12 alphabetically and by cross-reference to claim numbers. The Reorganized Debtors and their
13 professionals have reviewed each of the No Legal Liability Claims identified on **Exhibit 1** and have
14 determined, on one of the bases below, that each represents a Proof of Claim for which the Reorganized
15 Debtors are not liable.

16 a. “Barred by Previous Settlement Agreement.” This Proof of Claim (No. 71227)
17 was asserted by Claimant Victor Packing, Inc. and is subject to a valid and enforceable settlement
18 agreement with the Claimant that has been satisfied in full by the Debtors in the ordinary course of
19 business. In connection with the settlement agreement, Victor Packing, Inc. filed a motion to dismiss its
20 complaint with the California Public Utilities Commission, and the complaint has been dismissed
21 without prejudice. Therefore, because the Reorganized Debtors have satisfied the underlying liability
22 for this Claim pursuant to that settlement agreement, the Barred by Previous Settlement Agreement
23 Claim should be disallowed and expunged.

24 b. “Barred by Court Order.” This Proof of Claim (No. 19986) was asserted by
25 Claimant California Capital Insurance Company (“**California Capital**”) and relates to prepetition
26 litigation against the Debtors and other defendants in the Superior Court of California for the County of
27 Monterey (the “**State Court**”). California Capital filed a request for dismissal with prejudice of its
28 complaint-in-intervention in the State Court on September 21, 2020, and the dismissal was entered by

1 the clerk the same day. Under California law, a dismissal with prejudice is a final judgment on the merits
2 and bars a subsequent action on the same cause. *Gagnon Co., Inc. v. Nevada Desert Inn*, 45 Cal. 2d 448,
3 455 (1955). The Reorganized Debtors are therefore not liable for this claim, because it has been disposed
4 of pursuant to a voluntary dismissal with prejudice in a court of competent jurisdiction other than the
5 Bankruptcy Court. Therefore, the Barred by Court Order Claim identified on **Exhibit 1** should be
6 disallowed and expunged.

7 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
8 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus
9 Objections Procedures Order, the Reorganized Debtors have sent individualized notices to the holders
10 of each of the No Legal Liability Claims.

11 **B. The Claimants Bear the Burden of Proof**

12 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
13 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
14 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
15 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
16 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
17 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
18 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
19 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
20 *(In re Consolidated Pioneer Mortgage)*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
21 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
22 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
23

24 ² Upon the Reorganized Debtors’ request, the deadline under Section 7.1 of the Plan for the Reorganized
25 Debtors to bring objections to Claims initially was extended through and including June 26, 2021 (except
26 for Claims of the United States, which deadline was extended to March 31, 2021) [Docket No. 9563].
27 That deadline has been further extended through December 23, 2021, except for Claims of the California
28 Department of Forestry and Fire Protection, which deadline was extended to September 30, 2021,
without prejudice to the right of the Reorganized Debtors to seek further extensions thereof [Docket
No. 10494]. The deadline with respect to Claims of the United States have twice been further extended
by stipulation and order [Docket Nos. 10459, 10463, 10983, and 10986].

1 King, *Collier on Bankruptcy*); see also *Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
2 (9th Cir. 2000); *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (B.A.P. 9th Cir. 1993); *In re Fidelity*
3 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

4 As set forth above, the No Legal Liability Claims assert amounts for which the Reorganized
5 Debtors are not liable and, therefore, should be disallowed and expunged in their entirety. If any
6 Claimant believes that a No Legal Liability Claim is valid, it must present affirmative evidence
7 demonstrating the validity of that claim.

8 **V. RESERVATION OF RIGHTS**

9 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
10 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
11 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
12 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
13 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
14 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
15 grounds of objection specified herein be overruled, wholly or in part, the Reorganized Debtors reserve
16 the right to object to the No Legal Liability Claims on any other grounds that the Reorganized Debtors
17 may discover or deem appropriate.

18 **VI. NOTICE**

19 Notice of this Objection will be provided to (i) holders of the No Legal Liability Claims; (ii) the
20 Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.);
21 (iii) all counsel and parties receiving electronic notice through the Court's electronic case filing system;
22 and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service
23 pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice
24 is required. No previous request for the relief sought herein has been made by the Reorganized Debtors
25 to this or any other Court.

1 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
2 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
3 best interests of their estates, creditors, shareholders, and all other parties' interests, and (ii) such other
4 and further relief as the Court may deem just and appropriate.

5 Dated: September 9, 2021

KELLER BENVENUTTI KIM LLP

6 By: /s/ Thomas B. Rupp
7 Thomas B. Rupp

8 *Attorneys for Debtors and Reorganized Debtors*
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